



*United States Attorney  
District of New Hampshire*

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*Federal Building  
55 Pleasant Street, Room 312  
Concord, New Hampshire 03301*

603/225-1552

**MEDIA RELEASE  
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**Contact: Thomas P. Colantuono  
United States Attorney  
Michael J. Gunnison  
Assistant U.S. Attorney  
(603) 225-1552**

**INTERNET AUCTION SCAM ARTIST  
WILL SERVE 6 ½ YEAR PRISON SENTENCE**

**CONCORD, NEW HAMPSHIRE:** United States Attorney Tom Colantuono announced today that **JAY NELSON**, 35, of Gilsum, New Hampshire was sentenced today by Chief U.S. District Judge Paul J. Barbadoro to 78 months (6 ½ years) in federal prison based on charges of mail fraud, wire fraud, money laundering and identity fraud that NELSON pleaded to last July. The case was one of the largest internet auction fraud investigations conducted by the **Postal Inspection Service**, and involved over 1,700 victims.

NELSON was investigated by the Postal Inspection Service following reports that he conducted on-line auctions on the **e-Bay** and **Yahoo!** auction websites in which he received payments from winning bidders, but failed to deliver any merchandise. Nelson prolonged the scheme and attempted to avoid detection by changing the merchandise he supposedly had for sale, and by creating hundreds of on-line identities, screen names and e-mail addresses. NELSON also used his fictitious identities to post false "feedback" in the sales histories of his auction identities, thereby giving bidders a false impression that they were making a purchase from a seller with an established record of customer satisfaction. NELSON initially received payments through post office boxes and mail drops, but later encouraged the victims to make payments through "**Paypal**," a company that allows its account holders to make credit card payments via e-mail. NELSON created a vast set of accounts with Paypal using different identities, and transferred monies to bank accounts and other Paypal accounts in order to disguise the location of the fraud proceeds.

NELSON was initially arrested on a single count of wire fraud in January 2001, and was released on bail. NELSON fled to avoid prosecution in February, 2001, and was indicted on a charge of bail jumping. He supported himself as a fugitive by conducting hundreds of fraudulent auctions, and by laundering the fraud proceeds. He ultimately used monies in Paypal accounts to acquire gold coins, which were mailed to him under assumed names at various temporary residences. NELSON then sold the coins for cash. NELSON also used the names and credit card accounts of additional victims to make unauthorized purchases, including purchases of internet service accounts that he in turn used to conduct the auction scams.

The Postal Inspection Service tracked NELSON by identifying new fraudulent auctions that

NELSON was suspected of operating as a fugitive. In July, 2001, an alert coin shop owner in Kissimmee, Florida recognized NELSON's photo on the Postal Inspection Service website after learning about the case from a radio talk show and an **MSNBC** article. The shop owner informed the **U.S. Marshals Service** and **Postal Inspectors in Orlando, Florida**, that NELSON had been to her shop a dozen times to sell gold coins. NELSON was arrested on July 11, 2001 when he visited the shop to sell more gold, and has been in custody detained since that time.

In April, 2002, Nelson separately pleaded guilty to the bail jumping charge and was sentenced later to 12 months in prison. Today's 6 ½ year prison term will be served in addition to the time Nelson already served on the bail jumping charge.

U.S. Attorney Tom Colantuono stated: "This sentence shows that con artists who use computers will face severe penalties once they are brought to justice. The Postal Inspection Service and our office are committed to doing whatever it takes to track down cyber-thieves and to prosecute them to the fullest extent of the law."

The case was investigated by the Northeast Division of the U.S. Postal Inspection Service, and was prosecuted by Assistant U.S. Attorney Michael J. Gunnison.